Penang Han Chiang Associated Chinese Schools Association v Lim Keng Hun (t/a Han Chiang Academy Academy of Journalism & Communication) & Anor

HIGH COURT (PULAU PINANG) — CIVIL SUIT NO 22–13 OF 1997
CHEW SOO HO JC
30 NOVEMBER 2009

Tort — Passing off — Name of business — Whether 'Han Chiang', 'Han Xing' or 'Hanxing' were distinctive to plaintiff in context of provision of education, academic and intellectual studies — Plaintiff well established and well known educational institution — Whether use of name 'Han Chiang', 'Han Xing' or 'Hanxing' by defendants in providing similar services likely to deceive or cause deception — Whether public may be induced or confused to believe defendants' business related or associated with plaintiff's business — Objective test — Whether plaintiff's business and goodwill injured by defendants' use of its name — Whether loss of revenue for plaintiff — Whether passing off established — Quantum of damages — Whether punitive or exemplary damages to be awarded

The plaintiff was formed on 9 August 1965 to manage the Penang Han Chiang High School ('the school') which was set up since 1951. This is a renowned private Chinese school providing primary, secondary and higher education including a course on journalism. The student population came from Laos, Thailand, Indonesia, Hong Kong, Taiwan, Korea and China. The first defendant was a former teacher in the plaintiff's school and had also been teaching the course on journalism in the school. The first defendant left the school subsequently and operated the Han Chiang Academy of Journalism & Communication ('the academy') which was registered on 20 October 1988. The first defendant was the owner of the academy. The second defendant was incorporated on 30 August 1995. The first defendant was a director of the second defendant. The plaintiff's contention was that the action of both the defendants in using the plaintiff's name of Han Chiang to introduce their academy constituted a promotion and passing off in the provision of education, academic and intellectual studies ('the said studies') as if the said services were the services provided by the plaintiff or associated with the plaintiff. It was claimed that the defendants had caused damages to the plaintiff in that since the end of 1988, the plaintiff was forced to discontinue the journalism courses as there was no intake of students due to the fact that the same courses were conducted by the defendants. On 3 April 1997, the defendants incorporated another company known as Hanxing Academy of

Journalism Sdn Bhd. The plaintiff averred, however, that 'Hanxing' is the short form of the Mandarin name of 'Han Chiang Xing Vern Pan' meaning 'Han Chiang News Journalism' which was still associated with the school. The plaintiff sought an injunction to restrain the defendants from using the names 'Han Chiang' or 'Han Xing' or 'Hanxing' or 'Han Sin' in providing services in the said studies. The defendants contended that the plaintiff did not have any exclusive right to the word 'Han Chiang' which is a famous river in China and that the name had been commonly used by Chinese clans and business enterprises in Malaysia.

Held, allowing the plaintiff's claim in part with costs:

(1) The school had been a well established private Chinese school since 1951. It had built up its reputation and was well known as a good educational institution. Han Chiang when used in the context of providing the said studies was thus distinctive to the school and when the defendants used the name Han Chiang in providing the said studies, it was indeed likely to deceive or cause deception in that the services or business of the defendants may be confused to be those of the plaintiff's school or part of or closely associated with the plaintiff's school (see para 17).

(2) The first defendant having been a student in the school and later became a teacher and a course teacher in journalism in the school knew or ought to know that by using the name Han Chiang in his academy, he would induce the public to believe that his academy had the relation or association with the plaintiff's school (see para 17).

(3) The test is one of objective view as what a third party would think or see it to be. The issue was whether the same name when used by the two different institutions providing the similar or same services, viewed objectively, would cause confusion to the public that they were indeed related or that one was the branch of the other. By applying the aforesaid test, any general public or class of public in the education sector or any potential customers, perhaps knowing the existence of the school, may have likely found that the defendants were related or associated entities of the school by the use of the name Han Chiang which were providing the same or similar field of services. The first defendant had also been a course teacher in journalism in the school. That misconception or confusion was tangible and probable (see paras 18–19).

(4) The names 'Han Xing' or 'Hanxing' would also create the similar confusion that it related to or associated with the school (see para 20).

(5) The defendants had rendered in the open market their services to their

prospective customers or ultimate customers of their services in the said studies which the school was providing. The plaintiff's business and goodwill would have been injured by the defendants' use of its name which resulted in damage to the plaintiff's goodwill through the loss of the revenue from the discontinuance of the journalism class (see paras 22 & 25).

(6) The plaintiff had proved its claim of passing off against the defendants on a balance of probabilities (see para 26).

(7) From the quantum of damages, it was fair and reasonable with the plaintiff limiting its claim to six years prior to the date of filing the action since the breach was continuing. However, there was insufficient evidence to warrant the award of punitive or exemplary damages. There was no evidence that the sound financial status of the defendants arose solely from the use of the school's name though there were aggravating factors. Punitive or exemplary damages were not appropriate in the circumstances (see para 29).

[Bahasa Malaysia summary

Plaintif ditubuhkan pada 9 Ogos 1965 untuk menguruskan Sekolah Menengah Han Chiang Pulau Pinang ('sekolah tersebut') yang ditubuhkan sejak 1951. Sekolah tersebut adalah sekolah Cina yang terkenal yang memperuntukkan pendidikan rendah, menengah dan tinggi, termasuklah kursus kewartawanan. Populasi pelajar adalah dari Laos, Thailand, Indonesia, Hong Kong, Taiwan, Korea dan Cina. Defendan pertama merupakan bekas guru di sekolah tersebut dan juga telah mengajar kursus kewartawanan di sekolah tersebut. Defendan pertama telah meninggalkan sekolah tersebut dan kemudiannya mengendalikan Han Chiang Academy of Journalism & Communication ('akademi tersebut') yang didaftarkan pada 20 Oktober 1988. Defendan pertama merupakan pemilik akademi tersebut. Defendan kedua telah ditubuhkan pada 30 Ogos 1995. Defendan pertama merupakan pengarah defendan kedua. Hujahan plaintif adalah bahawa tindakan kedua-dua defendan menggunakan nama Han Chiang plaintif untuk memperkenalkan akademi mereka merupakan satu promosi dan kelirupaan dalam bidang pendidikan, akademik dan pengajian intelek ('pengajian tersebut') sama seperti perkhidmatan tersebut merupakan perkhidmatan yang diberikan oleh plaintif atau dikaitkan dengan plaintif. Adalah didakwa bahawa defendan-defendan telah mengakibatkan kerugian kepada plaintif kerana sejak hujung tahun 1988, plaintif terpaksa menghentikan kursus kewartawanannya disebabkan tiada pengambilan pelajar berikutan fakta bahawa kursus yang sama dikendalikan oleh defendan-defendan. Pada 3 April 1997, defendan-defendan menubuhkan satu lagi syarikat yang dikenali sebagai Hanxing Academy of Journalism Sdn Bhd. Plaintif walau

bagaimanapun menegaskan bahawa 'Hanxing' adalah kependekan nama Mandarin 'Han Chiang Xing Vern Pan' bermaksud 'Han Chiang News Journalism' yang masih berkait dengan sekolah tersebut. Plaintif memohon satu injunksi untuk menghalang defendan-defendan menggunakan nama-nama 'Han Chiang' atau 'Han Xing' atau 'Hanxing' atau 'Han Sin' dalam menawarkan perkhidmatan bagi pengajian tersebut. Defendan-defendan menghujah bahawa plaintif tidak mempunyai hak eksklusif kepada perkataan 'Han Chiang' yang merupakan sebuah sungai terkenal di China dan nama tersebut lazim digunakan oleh orang-orang Cina dan perniagaan-perniagaan di Malaysia.

Diputuskan, membenarkan sebahagian tuntutan plaintif dengan kos:

(1) Sekolah tersebut merupakan sekolah swasta Cina yang tersohor sejak 1951. Sekolah tersebut telah membina reputasinya dan terkenal sebagai institusi pendidikan yang bagus. Han Chiang apabila digunakan dalam konteks memberikan pengajian tersebut adalah khusus kepada sekolah tersebut dan apabila defendan-defendan menggunakan nama Han Chiang dalam memberikan pengajian tersebut, adalah berkemungkinan untuk memperdaya atau menyebabkan satu penipuan bahawa perkhidmatan atau perniagaan defendan-defendan mungkin terkeliru dengan sekolah plaintif atau sebahagian atau berkait rapat dengan sekolah plaintif (lihat perenggan 17).

(2) Defendan pertama yang pernah menjadi pelajar sekolah tersebut dan kemudiannya menjadi guru dan mengajar kursus kewartawanan di sekolah tersebut maklum atau seharusnya maklum bahawa dengan menggunakan nama Han Chiang untuk akademinya, dia akan mempengaruhi orang awam untuk mempercayai bahawa akademinya mempunyai hubungan atau berkait dengan sekolah plaintif (lihat perenggan 17).

(3) Ujian yang harus dijalankan ialah pandangan objektif ke atas pandangan atau fikiran pihak ketiga. Isunya adalah sama ada apabila nama yang sama digunakan oleh dua institusi yang berbeza yang memberikan perkhidmatan yang sama atau serupa, apabila dilihat secara objektifnya, akan mengakibatkan kekeliruan kepada awam bahawa kedua-duanya adalah berkaitan atau salah satunya merupakan cawangan yang satu lagi. Dengan menggunakapakai ujian tersebut, mana-mana orang awam atau golongan awam dalam sektor pendidikan atau mana-mana pelanggan harapan, yang mungkin tahu tentang sekolah tersebut, mungkin akan mendapati bahawa defendan-defendan berkait atau entiti yang bersangkutan dengan sekolah tersebut dengan menggunakan nama Han Chiang yang memberikan bidang perkhidmatan yang serupa atau sama. Defendan pertama juga pernah

mengajar kursus kewartawanan di sekolah tersebut. Tanggapan salah atau kekeliruan adalah ketara dan berkemungkinan (lihat perenggan 18–19).

(4) Nama 'Han Xing' atau 'Hanxing' akan mengakibatkan kekeliruan yang serupa bahawa nama tersebut berkait atau bersangkutan dengan sekolah tersebut (lihat perenggan 20).

(5) Defendan-defendan telah menawarkan perkhidmatan mereka dalam pengajian tersebut di pasaran terbuka kepada bakal pelanggan atau pelanggan utama mereka yang mana sekolah tersebut juga menawarkannya. Perniagaan dan nama baik plaintif akan tergugat dengan penggunaan namanya oleh defendan-defendan yang akan mengakibatkan nama baik plaintif tergugat menerusi kehilangan pendapatan ekoran penghentian kelas kewartawanan (lihat perenggan 22 & 25).

(6) Plaintif telah membuktikan tuntutan kelirupaannya terhadap defendan-defendan atas imbangan kebarangkalian (lihat perenggan 26).

(7) Bagi kuantum kerugian, adalah adil dan wajar plaintif menghadkan tuntutannya kepada enam tahun sebelum tarikh pemfailan tindakan tersebut kerana pelanggaran tersebut masih berterusan. Walau bagaimanapun, keterangan tidak mencukupi bagi membolehkan award ganti rugi teladan atau punitif. Tiada keterangan bahawa kedudukan kewangan kukuh defendan-defendan adalah disebabkan penggunaan nama sekolah tersebut semata-mata walaupun itu merupakan faktor-faktor yang memburukkan. Ganti rugi teladan atau punitif adalah tidak sesuai dalam keadaan ini (lihat perenggan 29).]

Notes

For cases on name of business, see 12 *Mallal's Digest* (4th Ed, 2005 Reissue) paras 1651–1652.

Cases referred to

Annabel's (Berkeley Square) Ltd v G Schock [1972] RPC 838 (refd)

Chong Siew Chiang v Chua Ching Geh & Anor [1995] 1 MLJ 551; [1995] 1 CLJ 173, HC (refd)

Dun & Bradstreet (Singapore) Pte Ltd & Anor v Dun & Bradstreet (Malaysia) Sdn Bhd [1994] 1 MLJ 32, HC (folld)

Erven Warnink Besloten Vennootschap & Anor v J Townend & Sons (Hull) Ltd & Anor [1979] AC 731; [1979] 2 All ER 927; [1980] RPC 31, HL (folld)

Pakai Industries Bhd v Chen Yew Industries Sdn Bhd [1991] 2 CLJ 1574, HC (refd)

Reckitt & Colman Products Ltd v Borden Inc & Ors [1990] 1 WLR 491; [1990] 1 All ER 873; [1990] RPC 340, HL (refd)

Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd [1994] 2 MLJ 770, SC (refd)

Legislation referred to

Companies Act 1965
Courts of Judicature Act 1964 s 73

Yu Meng Queng (Tan Yu & Company) for the plaintiff.
Defendants in person.

Chew Soo Ho JC:

BACKGROUND FACTS

[1] This case was fixed for hearing on 25 November 2009 after case management. Meanwhile, there was an application by the defendants to stay the proceeding on ground that they have filed an appeal to the Court of Appeal against the decision of His Lordship Dato Zakaria Sam who refused the defendants' application to strike out the plaintiff's claim for want of prosecution. The said application (encl 83) was scheduled for hearing on 23 November 2009. Learned counsel for the defendants wrote in just before the hearing date of encl 83 and the case proper requesting for an adjournment on ground that he would be engaged in Kuala Lumpur High Court in respect of four matters. This application for adjournment was refused by the court for reason that this is an exceptionally outstanding case of 12 years as compared to the cases that learned counsel for the defendants was having in the Kuala Lumpur High Court which are 2006–2008 cases. Moreover, this case is fixed for full hearing apart from the summons in chambers (encl 83). Having been duly informed of the refusal of the request for postponement, learned counsel for the defendants wrote in again for a second time for adjournment on the same ground canvassed in his earlier application. This court finds no valid reasons for an adjournment and rejected the request which was accordingly conveyed to learned counsel for the defendants.

[2] On the date of hearing of encl 83 on 23 November 2009, the plaintiff's counsel was present while the defendants' counsel as well as the defendants were absent when the case was recalled at 9.44am after it was stood down at 9am. Learned counsel for the plaintiff objected to any postponement and submitted that there was no special circumstances deposed in the application for stay of proceedings and the affidavit in support. He added that in view of the fact that this is an outstanding case, there should not be any further delay; he prayed that encl 83 should be denied and the case be proceeded on. This court, however, stood down the matter till 10.30am in the hope that the defendants' counsel or the defendants or any counsel appearing on their behalf would be present to attend to this encl 83 application. When the court

finally resumed at 10.35am there was still no sign of anyone appearing for the defendants nor was any of the defendants present. This court then proceeded to deal with encl 83. Reading the application and the affidavit in support, the sole ground for the application is that there is an appeal filed in the Court of Appeal against the decision of the learned judge who refused the defendants' application to strike out the plaintiff's claim for want of prosecution. It is trite that an appeal per se does not operate as a stay of proceeding: s 73 of the Courts of Judicature Act 1964 and there is no special circumstances advanced for the consideration of the court to grant a stay, this court agreed with learned counsel for the plaintiff that there should not be any further delay of this case and therefore encl 83 was accordingly dismissed. The case was then adjourned to 25 November 2009 for hearing as scheduled.

[3] On 25 November 2009 when the case was called up at 9am, the plaintiff and its witnesses were present. The plaintiff's counsel came in at 9.05am. The defendants' counsel as well as the defendants were absent. Mr Yu MQ, learned counsel for the plaintiff, informed the court that he was ready with the plaintiff's case and would be calling three witnesses. The court nevertheless stood down the hearing till 9.30am for the presence of the defendants and their counsel but when the court resumed sessions at 9.35am, there was still no sign of their presence. Learned counsel for the plaintiff then applied to proceed with the plaintiff's case in the absence of the defendants. Since the defendants were well aware that 25 November 2009 was the hearing date of the case proper and that postponement was disallowed, they still chose not to be present. This court can only infer that they are not interested or simply do not care about this case. Similarly, learned counsel for the defendants was also absent even though his application for postponement was refused and knew that he had to attend the hearing but declined to do so. This court finds no valid reason not to proceed with the trial of this case which is of 12 years standing and it certainly does not justify any further postponement which will contribute to further delay.

BRIEF FACTS OF THE CASE

[4] The plaintiff was formed on 9 August 1965 to manage the Penang Han Chiang High School ('the school') which was set up since 1951. This is a renowned private Chinese school providing primary, secondary and higher education including a course on journalism. As at 1997, there were about 10,000 students who had graduated from the school. The student population came from Laos, Thailand, Indonesia, Hong Kong, Taiwan, Korea and China.

[5] The first defendant Lim Keng Hun was a former teacher in the plaintiff's school and had also been teaching the course on journalism in the

school. The first defendant left the school subsequently and operated the Han Chiang Academy of Journalism & Communication ('the academy') which was registered on 20 October 1988 with the address at No 1-A Jalan 1/119, Taman Bukit Hijau, Cheras, 56000 Kuala Lumpur. The first defendant is the owner of the academy. The second defendant was incorporated on 30 August 1995 with its registered address at No 47 Dato Koyah, 10050 Penang. The first defendant is a director of the second defendant.

[6] The plaintiff's contention is that the action and conduct of both the defendants in using the plaintiff's name of Han Chiang to introduce their academy constitute a promotion and passing off in the provision of education, academic and intellectual studies as if the said services were the services provided by the plaintiff or associated with the plaintiff. In making the misrepresentation, the defendants have caused damages to the plaintiff in that since the end of 1988, the plaintiff was forced to discontinue the journalism courses as there was no intake of students due to the fact that the same courses were conducted by the defendants. On 3 April 1997, the defendants incorporated another company known as Hanxing Academy of Journalism Sdn Bhd. The plaintiff averred, however, that 'Hanxing' is the short form of the Mandarin name of 'Han Chiang Xing Vern Pan' meaning 'Han Chiang News Journalism' which is still associated with the school. On 30 August 1997, the second defendant changed its name to 'Akademi Kewartawanan & Komunikasi Tayton Sdn Bhd but Hanxing Academy of Journalism Sdn Bhd still exists till today. The plaintiff therefore seeks an injunction to restrain the defendants from its businesses under the name of 'Han Chiang' or 'Han Xing' or Hanxing' or 'Han Sin' in providing services in education, academic and intellectual studies which are not by the plaintiff.

[7] The defendants in their pleadings contended that the plaintiff did not have any exclusive right to the word 'Han Chiang' which is a famous river in China and the name had been commonly used by the Chinese clans and business enterprises in Malaysia. The defendants have never misrepresented to the public that the academy is a subsidiary of the school and contended that there was no faculty of journalism and communication in the school when the academy was set up.

THE ISSUES

[8] The sole issue before this court is whether the defendants by using Han Chiang Academy of Journalism & Communication and Han Chiang Academy of Journalism Sdn Bhd or the subsequent name of 'Hanxing' or 'Han Xing' constitutes a passing off of the plaintiff in providing education,

A academic and intellectual studies.

THE LAW

B **[9]** The leading modern authority on passing off is the decision of the House of Lords in *Erven Warnink Besloten Vennootschap & Anor v J Townend & Sons (Hull) Ltd & Anor* [1979] AC 731; [1979] 2 All ER 927; [1980] RPC 31 at p 93 (HL) where Lord Diplock had formulated the requirements that constitute a passing off as follows:

C > *Spalding v Gamage* and the later cases make it possible to identify five characteristics which must be present in order to create a valid cause of action for passing off: (1) a misrepresentation (2) made by a trader in the cause of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another and
D > (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in quia timet action) will probably do so.

[10] See also *Reckitt & Colman Products Ltd v Borden Inc & Ors* [1990] 1 WLR 491; [1990] 1 All ER 873; [1990] RPC 340 (HL) where Lord Oliver
E paraphrased Lord Diplock's speech and Lord Jauncey quoted from it. Lord Oliver had indeed provided probably the best one line summary of the law of passing off in *Reckitt* to be 'The principle that no man is entitled to steal another's trade by deceit'.

F **[11]** In *Pakai Industries Bhd v Chen Yew Industries Sdn Bhd* [1991] 2 CLJ 1574, His Lordship Dr Zakaria M Yatim J (as he then was) in adopting the speech of Lord Diplock in the House of Lords in *Erven Warnink*, had approached it with the following tests at p 1576:

G > The first requirement is misrepresentation may be expressed or implied. See *AG Spalding & Bros v AW Gamage Ltd* [1915] RPC 273 at p 284.
>
> To satisfy the requirement of misrepresentation, the applicant must prove two points, firstly that the mark in question has become distinctive of its goods, and secondly the respondent's use of the mark is likely to deceive or cause deception.
H >
> ...
>
> With regard to the second and third requirements, ... the respondent's cisterns were sold in the open market by various traders.
>
I > As for the fourth and fifth requirements, the crucial question to be considered is whether damage or the likelihood of damage resulting from the misrepresentation has been proved. See *Stringfellow & Anor v McCain Foods (GB) United & Anor* [1984] RPC 501 at p 540.

[12] Upon these requirements of law, I shall examine the evidence advanced by the plaintiff to determine whether the plaintiff has accordingly proved them.

FINDINGS

[13] Evidence of the plaintiff's first witness, Dato Dr Cheah See Kian @ Cheah Chee Kiang (PW1) who is the secretary of the plaintiff and Mr Ooi Weng Soon (PW3) who is a director of the plaintiff and who was a classmate of the first defendant in 1963 when they were studying in the same class in Senior Middle 3 in the school, show that the school's primary school came into existence since 1919 and its high school was set up in 1951 in Penang which provided primary, secondary and higher education including a course on journalism conducted by the first defendant as the course teacher. The school became an important private school and well known in the country with about 10,000 students who have graduated as at 1997 (agreed bundle of documents ('ABOD') at p 99) and who have contributed their services to the country. The student population came from all Asean countries, Hong Kong, Taiwan, Korea and China. The plaintiff was formed on 9 August 1965 to manage the school. In 45 years of providing education services up to the year 1997 when this suit was filed, the school possessed a good reputation and acquired goodwill in its name and the use of its name in the provision of education, academic and intellectual services to the local community and well known with the general public and the educational sector.

[14] The first defendant was a former teacher of the school but later left the school and operated an academy known as the Han Chiang Academy of Journalism & Communication ('the academy') which was registered on 20 October 1988 in Kuala Lumpur and it is still operating till today. The first defendant is the owner of this academy. The registration of business of the academy is produced as exh P4 (p 25 of the ABOD). The second defendant was incorporated under the Companies Act 1965 on 30 August 1995 in Penang and used the name 'Han Chiang'. Its certificate of incorporation is produced as P5 (ABOD at p 26). The first defendant was the managing director of the second defendant as shown in Form 49 produced as P6 (ABOD at pp 27–28).

[15] PW1 and PW3 asserted that the defendants by using the plaintiff's name of Han Chiang to introduce their academy constitute passing off of the plaintiff in the provision of education, academic and intellectual studies which were not provided by the plaintiff as if the said services were the services provided by the plaintiff. The defendants did so by their implied advertisement of their services under the name of the academy through the news in the Chinese newspaper *Guang Ming Ri Bau* (*Guang Ming Daily*) on

2 September 1990 – P7A (ABOD at pp 30–32) and in *Kwong Wah Daily* news dated 27 September 1990 — P7B (ABOD at pp 33–36). The second defendant had also advertised the provision of its services under the name of Han Chiang Academy of Journalism Sdn Bhd through a big notice board outside its premises located at the top floor of a shophouse as shown in P8 (ABOD at p 37). Both PW1 and PW3 said that the conduct and action of the defendants in using the plaintiff's name of Han Chiang at all material time was to dishonestly misrepresent to the members of business community and members of the general public that services of the defendants in the provision of education, academic and intellectual studies were from the plaintiff and or that the first defendant's and/or the second defendant's academy are subsidiaries of the school and/or were operating with the consent of the plaintiff's school which was not the case. PW1 added in his oral evidence in court that even till today, there are still people asking whether the academy is a subsidiary or is associated with the school.

[16] PW2, Mr Eng Swee Lai who studied in the school between 1979–1980 for two years and who works as the news editor in Kwong Wah Yip Poh Press Bhd said in evidence that from the advertisements at pp 78–80 (P7C), 134–136 (P9A) and 137–139 (P9B) of the ABOD in *Sin Chew Jit Poh* (*Daily*) on 14 November 1995, 12 December 1996 and 18 March 1997 respectively and pp 140–142 (P9C) in *China Press* dated 19 March 1997 by the first defendant (for P7C) and the second defendant (for P9A–C), he held the view that the advertiser using Han Chiang Academy of Journalism & Communication and/or the second defendant Han Chiang Academy of Journalism Sdn Bhd were/was and are/is a part of the setup of the school, or a subsidiary or associated with the plaintiff which managed his old school and are/is one and the same while the courses run by them have the approval or sanction of the management of his old school, Penang Han Chiang High School. He had that view because the defendants were using the name 'Han Chiang' which is the same as his old school in the provision of education services. PW2 held the same view in relation to the advertisement in the *Nanyang Siang Pau* dated 20 March 1997 at pp 143–145 (P9D). Although the advertisements in P9B, C and D said that the second defendant had no relation with any school or organisation in Penang and any other states, that itself, to this court does not entitle the second defendant to use or continue to use the plaintiff's name of Han Chiang as it would deprive the plaintiff of its exclusive use of the name as a school which has built up its good reputation and goodwill through long years of providing education, academic and intellectual studies to the public. As the defendants were also providing education, academic and intellectual studies, the same or similar field of activities as the plaintiff's school, the likelihood of confusion cannot be erased. In *Annabel's (Berkeley Square) Ltd v G Schock* [1972] RPC 838, Russell LJ had this to say in respect of the questions of confusion in a passing off:

... as a matter of common sense, one of the important considerations is whether there is any kind of association, or could be in the minds of the public any kind of association, between the field of activities of the plaintiff and the field of activities of the defendant — as it is sometimes put: Is there any overlap in the fields of activity? But, of course, when one gets down to brass tacks this is simply a question which is involved in the ultimate decision whether there is likely to be confusion.

[17] From the above evidence, it is a clear fact that Penang Han Chiang High School had been a well established private Chinese school and up to 1997, it had been providing education, academic and intellectual studies for 45 years since 1951. It has built up its reputation and is well known as a good educational institution. It is also a fact that the school had been providing journalism as one of its courses and in fact the first defendant had been a course teacher when he was still with the school. Han Chiang when used in the context of providing education, academic and intellectual studies is thus distinctive to the school and when the defendants used the name Han Chiang in providing education, academic and intellectual studies after the first defendant had left teaching at the school and operated the academy, it is indeed likely to deceive or cause deception in that the services or business of the defendants may be confused to be those of the plaintiff's school or part of or closely associated with the plaintiff's school. 'A representation is false if it is calculated to deceive in fact, even if it is literally true in some sense. Likewise, a representation is false if it will deceive a substantial number of those to whom it is addressed, even if others will not be deceived', see *The Law of Passing off* by Christopher Wadlow (2nd Ed, 1995) at p 2. The first defendant having been a student in the school and later became a teacher and a course teacher in journalism in the school knew or ought to know that by using the name Han Chiang in his academy, he would induce the public to believe that his academy had the relation or association with the plaintiff's school. The first defendant is no innocent party. PW2 who is a former student of the school gave evidence that he had seen some of the advertisements by the advertiser of the academy and the second defendant and held the view that the academy and the second defendant are a setup of the School and/or the subsidiaries of the school or being associated with the plaintiff. In *Dun & Bradstreet (Singapore) Pte Ltd & Anor v Dun & Bradstreet (Malaysia) Sdn Bhd* [1994] 1 MLJ 32, it was held, inter alia, that:

Held, granting the plaintiffs' application:

(1) The plaintiffs had an interest to protect and the test was whether the public would be confused by the presence of two companies with the same name. The important thing to remember was that from the names of the two parties, any third party dealing with either of them would have thought that the other party was the same company or a branch or extension thereof.

[18] The test is thus one of objective view as what a third party would think or see it to be. One may wish to contend that Han Chiang is a famous river in China and thus is common and not exclusive to the plaintiff but the issue is whether the same name when used by the two different institutions providing the similar or same services, viewed objectively, would cause confusion to the public that they are indeed related or that one is the branch of the other.

[19] On the evidence before this court, I am of the view that by applying the aforesaid test, any general public or class of public in the education sector or any potential customers, perhaps knowing the existence of the Penang Han Chiang High School, may likely find that the defendants are related or associated entities of the school by the use of the name of Han Chiang which are providing the same or similar field of services and the fact that the first defendant had also been a course teacher in journalism in the school. That misconception or confusion is tangible and probable.

[20] Subsequent to an interim injunction granted against the defendants on 9 July 1997, the defendants also used the name 'Han Xing' or 'Hanxing' to provide educational, academic and intellectual services which are not from the plaintiff's school. Another related name which carries the same or similar tone is 'Han Sin'. The defendants had on 3 April 1997 incorporated the new company under the name of Hanxing Academy of Journalism Sdn Bhd (P13A at p 147 of the ABOD). According to PW1, 'Han Xing' or 'Hanxing' is the abbreviation of 'Han Chiang Xing Vern Pan' in Mandarin which means 'Han Chiang News Journalism' just as the University Malaya which in Mandarin reads as 'Mar Lai Ya Ta Syet' and is known as 'Ma Ta' in abbreviation. It would therefore still create the similar confusion that it relates to or associates with the plaintiff's school.

[21] Consequently, on all the facts and evidence before this court, I find that the first requirement of misrepresentation has been proved by the plaintiff; see also *Pakai Industries Bhd v Chen Yew Industries Sdn Bhd*.

[22] On the second and third requirements, the news releases P7A–C and the advertisements P9A–C published in the various Chinese dailies indicate that the defendants had rendered in the open market their services to their prospective customers or ultimate customers of their services in education, academic and intellectual studies which the plaintiff's school is providing. The defendants had not denied that they had carried out such business in the market. Hence, the second and third requirements are also satisfied.

[23] As to the fourth and fifth requirements, evidence of the PW1 is that the journalism class in the school which had been conducted since 1979 had

to be discontinued in the end of 1988 because of the same courses being conducted by the defendants resulting in no intake of students. The plaintiff suffers damages as a consequence thereof. PW1 said that during the period of journalism course conducted by the plaintiff, the school had about 40 students and the fee was RM50 per student per month; hence the loss of revenue to the plaintiff was RM2,000 per month. With the deduction of monthly expenses of RM1,000 per month, the loss suffered by the plaintiff would be RM1,000 per month and working it on eight years up to 1996, he quantified the damages to be RM96,000. The plaintiff also claims the same sum per year from the defendants until they discontinue using the name of the plaintiff in their business. Punitive and/or exemplary damages are also prayed for. PW3, the director of the plaintiff asserted that there is only one name of the plaintiff in the sector of education, academic and intellectual provision of services in the country and the plaintiff through a long established history providing its service to the local community and amongst its students, parents and the general public at large had acquired a good reputation and goodwill associated with the plaintiff's name. As the defendants have used the good reputation and the goodwill in the plaintiff's name and passed off their services as those of the plaintiff when in fact they were not, the plaintiff have suffered substantial damages. In *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770, the majority of the Supreme Court having endorsed the principle of law in the words of Lord Diplock as quoted above in *Erven Warnink*, held, inter alia, that:

> Held...
>
> (1) ...
>
> (2) In an action for passing off, the damage is an essential element of the tort and it is necessary for the plaintiff to establish that he had suffered damage. However, like in this case, where the goods were in direct competition with one another, the court would readily infer the likelihood of damage to the respondent's goodwill through the loss of sale and loss of the exclusive use of his name. Here, the court was satisfied that passing off had been established by the respondent.
>
> (3) ...

[24] Hence, damages could also be inferred in certain circumstances.

[25] On the evidence before me, I find that the plaintiff's business and goodwill would have been injured by the defendants' use of its name which resulted in damage to the plaintiff's goodwill through the loss of the revenue

from the discontinuance of the journalism class. I am therefore satisfied that the fourth and fifth requirements as propounded by Lord Diplock above had been established by the plaintiff.

[26] On the evidence as a whole, I conclude that the plaintiff had proved its claim of passing off against the defendants on a balance of probabilities.

DAMAGES

[27] Learned counsel for the plaintiff, Mr Yu MQ in his submission has confined the plaintiff's claim of damages as evidenced by PW1 besides punitive and exemplary damages. He abandons the claim for the defendants to account for profits. As to the first item of damages, learned counsel submitted that the plaintiff will limit this claim to six years prior to the filing of this case on 8 March 1997 meaning the damages are to commence from 9 March 1991 until 3 September 1997 when the first defendant had terminated the name of Han Chiang Academy of Journalism & Communication effective from 3 September 1997 (ABOD at p 146). However, for easy calculation, counsel submitted that the plaintiff is limiting its claim to 30 August 1997. The second defendant had changed its name to Akademi Kewartawanan & Komunikasi Tayton Sdn Bhd effective from 30 August 1997 (P13B at p 148 of the ABOD). Nevertheless, since 3 April 1997, the same directors of the second defendant with the first defendant being included, had incorporated Hanxing Academy of Journalism Sdn Bhd (P13A at p 147 of the ABOD) which carried the same effect in passing off. The plaintiff will therefore also claims damages commencing from 3 April 1997 to date of judgment. The quantum of damages as submitted is calculated as follows:

(i)	RM1,000 x 12 months x 6 years (From 9 March 1991–8 March 1997 at a loss of RM1,000 per month)	RM72,000
	RM1,000 x 5 months (From 9 March 1997–9 August 1997)	RM5,000
	RM1,000 x 21 days (From 10 August 1997–30 August 1997)	RM677.42
	Total:	RM77,677.42

(ii)	RM1,000 x 12 months x 12 years (From 3 April 1997–2 April 2009)	RM144,000

	RM1,000 x 7 months (From 3 April 2009–2 November 2009)	RM7,000
	RM1,000 x 28 days (From 2 November 2009–30 November 2009, the date of judgment)	RM933.33
	Total: RM151,933.33	Grand Total: RM229,610.75

[28] As to punitive or exemplary damages, learned counsel submitted that it is appropriate in this case to award such damages in view of the fact that the first defendant had willfully used the name of the plaintiff's school as he was a teacher and knew all about this journalism course from the school to his own advantage.

[29] From the quantum of damages calculated above, I am of the view that it is fair and reasonable with the plaintiff limiting its claim to six years prior to the date of filing this action since the breach was continuing. However, there is insufficient evidence to warrant the award of punitive or exemplary damages. There is no evidence that the sound financial status of the defendants arose solely from the use of the name of the plaintiff's school though there were aggravating factors; see *Chong Siew Chiang v Chua Ching Geh & Anor* [1995] 1 MLJ 551; [1995] 1 CLJ 173. The quantified damages above will suffice for the defendants' culpability. In any event, the fifth requirement by Lord Diplock refers to actual damage while the Supreme Court in *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* permits damage to the goodwill which could be inferred. Punitive or exemplary damages may not be appropriate in the circumstances.

CONCLUSION

[30] Having evaluated the whole case and for the reasons above, judgment is entered for the plaintiff for prayer 14 para (i) of the plaintiff's amended statement of claim, damages in the sum of RM229,610.75 as quantified above with interest at 8%pa from the date of judgment to the date of realisation and costs of RM15,000.

Plaintiff's claim allowed in part with costs.

Reported by Kanesh Sundrum